

**LAFAYETTE ECONOMIC
DEVELOPMENT AUTHORITY
LAFAYETTE, LOUISIANA**

Financial Report

Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **AUG 22 2012**

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Assets	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Fiduciary Net Assets - Fiduciary Funds	14
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	15
Notes to the Financial Statements	16-28
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	30
INTERNAL COMPLIANCE, CONTROL, AND OTHER INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
OTHER SUPPLEMENTARY INFORMATION	
General Fund	33
Statements of Expenditures - Budget (GAAP Basis) and Actual	34
Agency Fund	35
Combining Balance Sheet and Statement of Changes in Assets and Liabilities	36
Industrial Development Revenue Bonds Issued and Outstanding	37
Compensation Paid to Members of the Board of Commissioners	38
Summary of Corrective Action Taken on Prior Year Findings	39
Schedule of Finding and Questioned Costs	40

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INDEPENDENT AUDITORS' REPORT

Chairman of the Board
and Members of the Board of Commissioners
Lafayette Economic Development Authority
Parish of Lafayette, Louisiana

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA **
MICHAEL G. BERART, CPA, CVA, MBA **
JOE D. HUTCHINSON, CPA **

*RETIRED

We have audited the accompanying financial statements of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Economic Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, as of December 31, 2011, and respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2012, on our consideration of the Lafayette Economic Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 29 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The prior year comparative information on the other supplementary information has been derived from the Authority's 2010 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

June 19, 2012
Lafayette, Louisiana

Management's Discussion and Analysis

As management of the Lafayette Economic Development Authority, we offer readers of the Lafayette Economic Development Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2011.

Financial Highlights

- The assets of the Lafayette Economic Development Authority exceeded its liabilities at the close of the fiscal year ended December 31, 2011 by \$12,342,103 (*net assets*). Of this amount, \$7,628,375 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to creditors
- The Authority's total net assets decreased by \$201,306. This decrease is substantially attributed to the decrease of Receivables from Taxes
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$10,674,684, a decrease of \$584,927 in comparison with the prior year. This decrease is substantially attributed to an increase in the General Government expenditures in the Business/Park Expansion or Attraction Fund and the Entrepreneurship, Technology and Innovations Funds.
- Ad valorem taxes increased by \$18,055 due to increases in the taxable property valuation in 2011 by the Lafayette Parish Assessor.
- At the end of the current fiscal year, *unreserved fund balance* for the general fund was \$5,113,112. This amount is available for future general government expenditures

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Lafayette Economic Development Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. *The Government-wide Financial Statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net assets* changed during the most recent fiscal year. All changes in *net assets* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the *Government-wide Financial Statements* distinguish functions of the Lafayette Economic Development Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *governmental activities* of the Authority include general government expenses incurred in the Authority's mission of facilitating economic growth in Lafayette parish, the sale of land in the four industrial parks owned by the Authority, and the interest portion of the Authority's semi-annual payments on outstanding Taxable Certificates of Indebtedness. The Authority had no *business-type activities* to report.

The *Government-wide Financial Statements* can be found on pages 9 and 10 of this report. The *Governmental Fund Financial Statements* can be found on pages 11, 12, and 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Economic Development Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: *governmental funds* and *fiduciary funds*

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provided a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains four individual *governmental funds*. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund, the capital projects (Business/Park Expansion or Attraction) fund, the capital projects (Building Maintenance) fund, and the special revenue (Entrepreneurship, Technology and Innovation) fund. The general fund is considered by the Authority to be its major fund.

The Lafayette Economic Development Authority adopts an annual budget for its general fund. A budgetary comparative statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the *Government-wide Financial Statement* because the resources of those funds are not available to support the Authority's own programs.

The basic *Fiduciary Fund Financial Statements* can be found on pages 14 and 15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide* and *Fund Financial Statements*. The notes to the financial statements can be found on pages 16 through 28 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Economic Development Authority, assets exceeded liabilities by \$12,342,103 at the close of the most recent fiscal year.

In 2011, the largest portion of the Authority's net assets (48 percent) was its Cash held in the bank.

Lafayette Economic Development Authority Net Assets

	<u>Government Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 8,615,133	\$ 9,411,107
Noncurrent assets	<u>4,573,728</u>	<u>4,316,521</u>
Total assets	<u>\$13,188,861</u>	<u>\$13,727,628</u>
Long-term liabilities outstanding	\$ 46,114	\$ 182,528
Other liabilities	<u>800,644</u>	<u>1,001,691</u>
Total liabilities	<u>\$ 846,758</u>	<u>\$ 1,184,219</u>
Net assets:		
Invested in capital assets	\$ 1,853,533	\$ 1,596,326
Restricted for inventory of land for resale	2,720,195	2,720,195
Restricted for debt service	140,000	130,000
Unrestricted	<u>7,628,375</u>	<u>8,096,888</u>
Total net assets	<u>\$12,342,103</u>	<u>\$12,543,409</u>

At the end of the current fiscal year, the Authority is able to report a positive balance in net assets. The same is true for the prior fiscal year.

Governmental Activities. Governmental activities decreased the Authority's net assets by \$201,306 . Key elements of this decrease are as follows:

**Lafayette Economic Development Authority
Changes in Net Assets**

	<u>Government Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Sale of land	\$ -	\$ -
General Government	17,475	40,640
General Revenues:		
Ad valorem taxes	3,102,792	3,084,737
Revenue sharing	113,043	111,733
Unrestricted investment earnings	73,367	226,868
Miscellaneous	<u>24,188</u>	<u>22,618</u>
Total revenues	<u>3,330,865</u>	<u>3,486,596</u>
Expenses:		
General government	3,520,896	2,350,973
Cost of land sold & asset disposals	-	86,158
Interest on long-term debt	<u>11,275</u>	<u>18,150</u>
Total expenses	<u>3,532,171</u>	<u>2,455,281</u>
 Increase (Decrease) in net assets	 (201,306)	 1,031,315
 Net assets – beginning	 <u>12,543,409</u>	 <u>11,512,094</u>
 Net assets - ending	 <u>\$12,342,103</u>	 <u>\$12,543,409</u>

- Unrestricted investment earnings decreased by \$153,501 due to the decrease in the interest earned from 3% down to 1% per the fiscal agency agreement.
- General government expenses increased by \$1,169,923 of which \$718,282 was due to increased expenses in the Business/Park Expansion or Attraction Fund and \$113,074 in the Entrepreneurship, Technology and Innovation Fund.
- Cost of land sold & asset disposals decreased by \$86,158 due to no disposals occurring in 2011.

Financial Analysis of Government's Funds

As noted earlier, the Lafayette Economic Development Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Economic Development Authority's *Governmental Funds* reported combined ending fund balances of \$10,674,684 which is a decrease of \$584,927 in comparison with the prior year.

Approximately seventy-five percent of the amount, \$7,915,737, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is already committed.

The general fund is the chief operating fund of the Lafayette Economic Development Authority. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,113,112. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Both unreserved fund balance and total fund balance represent over 200 percent of total general fund expenditures.

The fund balance of the Lafayette Economic Development Authority's general fund increased by \$304,527 during the current fiscal year. Key factors for the net increase are as follows:

- Ad valorem taxes increased by \$18,055 due to increases in the taxable property valuation in 2011 by the Lafayette Parish Assessor.
- Intergovernmental revenue decreased by \$21,855.
- Miscellaneous revenue decreased by \$68,543.
- Capital outlay decreased by \$31,757. Most Capital Outlay purchases in 2011 were made out of the Capital Projects funds.
- Transfer out to other funds decreased by \$387,500.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be summarized as follows:

- \$25,000 increase in Taxes Revenue
- \$1,000 increase in Intergovernmental Revenue
- \$350 increase in Miscellaneous Revenue
- \$102,650 decrease in General Government Expenditures
- \$20,000 increase in Capital Outlay
- \$1,500 decrease in Interest Earned
- \$107,500 increase in Transfers Out

Capital Asset and Debt Administration

Capital Assets. The Lafayette Economic Development Authority's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$1,853,533 (net of accumulated depreciation). This investment in capital assets includes a building, furniture, fixtures located in the building, and manufacturing equipment. The total increase in the Authority's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$257,207.

Major capital asset events during the current fiscal year included the following:

- Completion costs on the expansion of the LEDA facility was \$37,353 and acquisitions of Furniture, Fixture and Equipment related to the expansion was \$122,753.
- Leasehold improvements and acquisitions of Furniture, Fixture and Equipment located at the Opportunity Machine were \$198,358.

Additional information on the Lafayette Economic Development Authority's capital assets can be found in Note 1 on page 18 of this report.

Long-Term Debt

The Authority's total debt decreased by \$337,461 during the current fiscal year. The key factors in this decrease were a decrease in Accounts Payable of \$100,198, a decrease in Other Accrued Liabilities of \$110,849; and a decrease in outstanding long-term Taxable Certificates of Indebtedness of \$140,000.

Additional information on the Authority's long-term debt can be found in footnote 7 on page 26 of this report.

Other Information

In August of 2006, LEDA and Louisiana Economic Development (LED) entered into a Cooperative Endeavor Agreement (CEA) with a private company regarding the establishment of a Call Center in Lafayette with the requirement of creating 1,000 new positions and payroll levels for several years in exchange for financial incentives from LEDA and LED. Clawback provisions were incorporated in the CEA in case job creation requirements were not met. In the last few years, the private company has been experiencing significant problems hiring and maintaining employees and in late 2011 lost a critical contract they were servicing from their Lafayette Call Center. The company has decided to close the Call Center in Lafayette. LED and LEDA have been negotiating the amount and term of payment of the clawbacks owed to LEDA and LED due to failure to meet the payroll requirements as stipulated in the CEA.

Economic Factors and Next Year's Budget

- The unemployment rate for the Lafayette Parish in October 2011 was 5.1 percent, which is a decrease from a rate of 5.8 percent a year ago. This compares favorably to the state's average unemployment rate for the month of October 2011 of 7.1 percent and the national average rate for October 2011 of 8.9 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the Lafayette Economic Development Authority's budget for the 2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Lafayette Economic Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gregg Gothreaux, President and CEO, Lafayette Economic Development Authority, 211 East Devalcourt Street, Lafayette, Louisiana, 70506.

FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS (GWFS)

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	2011	2010
ASSETS		
Current assets:		
Cash	\$ 6,030,775	\$ 6,386,209
Restricted cash	130,000	130,000
Other receivables	14,872	9,370
Prepaid expenses	77,886	32,182
Due from State of Louisiana	799	7,735
Receivables - taxes (net of allowance for uncollectibles)	2,360,801	2,845,611
Total current assets	8,615,133	9,411,107
Noncurrent assets:		
Inventory of land held for resale	2,720,195	2,720,195
Capital assets, net of accumulated depreciation	1,853,533	1,596,326
Total noncurrent assets	4,573,728	4,316,521
Total assets	\$ 13,188,861	\$ 13,727,628
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 591,736	\$ 691,934
Other accrued liabilities	68,908	179,757
Current portion of bonds payable	140,000	130,000
Total current liabilities	800,644	1,001,691
Noncurrent liabilities:		
Bonds payable	-	140,000
Compensated absences	46,114	42,528
Total noncurrent liabilities	46,114	182,528
Total liabilities	\$ 846,758	\$ 1,184,219
NET ASSETS		
Invested in capital assets	\$ 1,853,533	\$ 1,596,326
Restricted		
Inventory of land for resale	2,720,195	2,720,195
Cash restricted for debt service	140,000	130,000
Unrestricted		
Total net assets	\$ 12,342,103	\$ 12,543,409

The Accompanying Notes are an Integral Part of the Basic Financial Statements

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Government Activities:				
General government	\$ 3,520,896	\$ 7,750	\$ 9,725	\$ (3,503,421)
Cost of land sold and asset disposals	-	-	-	-
Interest on long-term debt	<u>11,275</u>	-	-	<u>(11,275)</u>
Total governmental activities	\$ <u>3,532,171</u>	\$ <u>7,750</u>	\$ <u>9,725</u>	\$ <u>(3,514,696)</u>
General revenues:				
Ad valorem taxes				3,102,792
State revenue sharing				113,043
Unrestricted investment earnings				73,367
Miscellaneous				<u>24,188</u>
Total general revenues				<u>3,313,390</u>
Change in net assets				(201,306)
Net assets-beginning				<u>12,543,409</u>
Net assets-ending				\$ <u>12,342,103</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Capital Project (Business/Park Expansion or Attraction)</u>	<u>Capital Projects (Building Maintenance)</u>	<u>Special Revenue (Entrepreneurship, Technology and Innovation Fund)</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 2,750,118	\$ 3,157,613	\$ 46,897	\$ 76,147	\$ 6,030,775
Restricted cash	130,000	-	-	-	130,000
Other receivables	5,515	8,129	-	1,228	14,872
Prepaid expenses	38,752	-	-	39,134	77,886
Due from State of Louisiana	799	-	-	-	799
Receivables - taxes (net of allowance for uncollectibles)	2,360,801	-	-	-	2,360,801
Inventory of land held for resale	-	<u>2,720,195</u>	-	-	<u>2,720,195</u>
Total assets	<u>\$ 5,285,985</u>	<u>\$ 5,885,937</u>	<u>\$ 46,897</u>	<u>\$ 116,509</u>	<u>\$ 11,335,328</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 65,213	\$ 520,035	\$ -	\$ 6,488	\$ 591,736
Other accrued liabilities	<u>68,908</u>	-	-	-	<u>68,908</u>
Total liabilities	<u>134,121</u>	<u>520,035</u>	<u>-</u>	<u>6,488</u>	<u>660,644</u>
Fund balances					
Nonspendable	38,752	2,720,195	-	-	2,758,947
Restricted	-	-	-	110,021	110,021
Committed	-	2,645,707	46,897	-	2,692,604
Unassigned	<u>5,113,112</u>	-	-	-	<u>5,113,112</u>
Total fund balances	<u>5,151,864</u>	<u>5,365,902</u>	<u>46,897</u>	<u>110,021</u>	<u>10,674,684</u>
Total liabilities and fund equity	<u>\$ 5,285,985</u>	<u>\$ 5,885,937</u>	<u>\$ 46,897</u>	<u>\$ 116,509</u>	

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

1,853,533

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

(186,114)

Net assets of governmental activities

\$ 12,342,103

The Accompanying Notes are an Integral Part of the Basic Financial Statements

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Capital Project (Business/Park Expansion or Attraction)	Capital Projects (Building Maintenance)	Special Revenue (Entrepreneurship, Technology and Innovation Fund)	Total Governmental Funds
Revenues					
Taxes - ad valorem	\$ 3,102,792	\$ -	\$ -	\$ -	\$ 3,102,792
Intergovernmental	130,518	-	-	-	130,518
Miscellaneous	<u>60,463</u>	<u>33,546</u>	<u>1,109</u>	<u>2,437</u>	<u>97,555</u>
Total revenues	<u>3,293,773</u>	<u>33,546</u>	<u>1,109</u>	<u>2,437</u>	<u>3,330,865</u>
Expenditures					
Current:					
General government	2,379,692	728,924	2,875	253,783	3,365,274
Capital outlay	50,779	-	160,106	198,358	409,243
Debt service	<u>141,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,273</u>
Total expenditures	<u>2,571,746</u>	<u>728,924</u>	<u>162,981</u>	<u>452,141</u>	<u>3,915,792</u>
Excess (deficiency) of revenues over expenditures	<u>722,027</u>	<u>(695,378)</u>	<u>(161,872)</u>	<u>(449,704)</u>	<u>(584,927)</u>
Other financing sources (uses):					
Transfers in	-	87,500	10,000	320,000	417,500
Transfers out	<u>(417,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(417,500)</u>
Total other financing sources (uses)	<u>(417,500)</u>	<u>87,500</u>	<u>10,000</u>	<u>320,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	304,527	(607,878)	(151,872)	(129,704)	(584,927)
Fund balances, beginning	<u>4,847,337</u>	<u>5,973,780</u>	<u>198,769</u>	<u>239,725</u>	<u>11,259,611</u>
Fund balances, ending	<u>\$ 5,151,864</u>	<u>\$ 5,365,902</u>	<u>\$ 46,897</u>	<u>\$ 110,021</u>	<u>\$ 10,674,684</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances-total governmental funds \$ (584,927)

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 257,207

Some expense reported in the Statement of Activities, such as compensated absences and retirement plan, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (3,586)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 130,000

Changes in net assets of governmental activities \$ (201,306)

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2011**

ASSETS

Cash	\$ 4,193,633
Investments	<u>3,230</u>
Total assets	<u>\$ 4,196,863</u>

LIABILITIES

Amounts due bondholders and lessees	<u>\$ 4,196,863</u>
-------------------------------------	---------------------

NET ASSETS

Held in trust for payments to bondholders and lessees	<u>\$ 111,287</u>
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The Accompanying Notes are an Integral Part of the Basic Financial Statements

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

ADDITIONS

Contributions:

Lease payments received \$ 1,715,820

Total contributions 1,715,820

Investment earnings:

Interest 251

Total investment earnings 251

Total additions 1,716,071

DEDUCTIONS

Bond interest paid 1,677,500

Requisitions paid 4,085,827

Other deductions 38,320

Total deductions 5,801,647

Change in net assets (4,085,576)

Net assets - beginning 4,536,921

Net assets - ending \$ 451,345

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements December 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Economic Development Authority (Authority) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:291-34:302. It was originally formed under the name of Lafayette Harbor, Terminal, and Industrial Development District. The Authority is governed by a board of commissioners consisting of twelve appointed members. The Authority is authorized to construct or acquire industrial parks and industrial plant buildings, including sites and other necessary property and appurtenances, and to acquire, construct, improve, operate, maintain, and provide improvement and services necessary. It is also authorized to sell, lease, or otherwise dispose of, by suitable and appropriate contract, to any enterprise locating or existing within the parish, all or any part of an industrial plant site, industrial plant building, or other property owned by the Authority.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants, and the Louisiana Governmental Audit Guide.

Financial Reporting Entity

This report includes all funds, account groups, and component units, which are controlled by or dependent on the Lafayette Economic Development Authority. Control by or dependence on the Authority was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, or other general oversight responsibility. At December 31, 2011, there were no entities that met the criteria to be considered a component unit of the Authority.

The following is a summary of certain significant accounting policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include proceeds received from the sale of land inventory. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements
December 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for a specific purpose.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements
December 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds

Additionally, the government reports the following fund types:

Agency Funds are used to account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for lease and related receipts from lessees as well as bond, interest, and related payments made to bondholders for industrial development revenue bonds issued by the Authority.

Amounts reported as program revenues include proceeds from the sale of land inventory. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated assets are immaterial.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	10
Office equipment	5-7
Computer equipment	3-5

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements
December 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory of Land Held-for-Resale

The inventory of land held-for-resale is valued at cost. The cost is recorded as an expenditure at the time the land is sold. The inventory of land held for resale at year-end is equally offset by a fund balance reserve to indicate that it does not constitute "available expendable resources," even though it is a component of net assets.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The ad valorem tax receivable is shown net of an allowance for uncollectibles. The ad valorem tax receivable allowance is equal to 3.50% of levied ad valorem taxes at December 31, 2011.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Vacation, Sick Leave, and Pension Plan

Vacation varies with longevity as follows.

<u>Serving Time</u>	<u>Vacation</u>
After six months up to two years	One week
From two years to seven years	Two weeks
After seven years	Three weeks

No more than thirty days of allowed vacation time may be accrued and be carried over into the next calendar year and paid upon termination. Vacation pay is accrued when incurred in the government-wide financial statements.

Sick leave accrues at the rate of 1/4 day per month beginning after 3 months of service with a 30-day maximum per year. Sick leave is available for carryover. Upon termination, either voluntary or involuntary, all accrued sick time will be forfeited. Sick leave is not recorded in these financial statements except for \$7,385, which is included in the balance of \$46,114. This amount is attributable to one employee who is grandfathered under an old sick leave policy.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation, Sick Leave, and Pension Plan (continued)

For the years beginning January 1, 2004, LEDA employees are eligible participants of the Parochial Employees' Retirement System; a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. This retirement system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plans funding policy requires employees to contribute 9.5% of covered salary. For the years ended December 31, 2011 and 2010, the employer contribution rate was 15.75% and 15.75%. For the years ended December 31, 2011 and 2010, total salary subject to the Parochial Employees' Retirement System was \$1,085,639 and \$1,013,766 and LEDA's contributions were \$170,988 and \$159,668, respectively.

The Parochial Employees' Retirement System issues an annual publicly available financial report and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Blvd, P.O. Box 14619, Baton Rouge, LA 70809 or by calling (225) 928-1361.

Post-Employment Benefits

LEDA does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the new statement.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. LEDA has no restricted net assets at December 31, 2011

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

In the fund statements, governmental fund equity is classified as fund balance. LEDA elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, the governmental fund reports the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2011, by LEDA are nonspendable in form LEDA has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Commission who has the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Commission.

Assigned – includes amounts that LEDA intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Commission may assign amounts to this classification.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. LEDA reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, LEDA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, LEDA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless LEDA has provided otherwise in its commitment or assignment actions.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds. The budget is formally adopted by the Authority, prior to the beginning of the fiscal year. Notices of its completion and availability are published. After its adoption, any adjustments to the budget must follow the same process. All annual appropriations lapse at year-end.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements
December 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Restricted cash represents amounts to be set aside annually in the sinking fund as required by the Certificates of Indebtedness, for repayment of the bond principal and interest.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid expenses

Transfers

Permanent reallocation of resources between funds of the Authority are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets*. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$186,114 difference are as follows:

Bonds payable	\$ 140,000
Compensated absences	<u>46,114</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets- governmental activities</i>	<u>\$ 186,114</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 3 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this (\$257,207) difference are as follows:

Depreciation expense and abandonments	\$ (152,036)
Capital outlay	<u>409,243</u>
Net adjustment to increase <i>net changes in Fund balances-total governmental funds</i>	
To arrive at <i>changes in net assets of governmental Activities</i>	<u>\$ 257,207</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." These details of the \$130,000 difference are as follows:

Principal repayments General Obligation debt	<u>\$ 130,000</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 130,000</u>

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2011 and 2010, the Authority has cash and interest-bearing deposits (book balances) totaling \$6,160,775 and \$6,516,209, respectively.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS-CONTINUED

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits might not be recovered. The Authority does not have a policy for custodial credit risk, however, under state law, these deposits, (or the resulting bank balances), must be secured by federal deposit insurance or the pledge of securities owned by the fiscal bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Bank Balances	<u>\$ 5,824,821</u>	<u>\$ 6,546,470</u>

At December 31, 2011 and 2010, the deposits are secured as follows

	<u>2011</u>	<u>2010</u>
Federal Deposit Insurance	\$ 250,000	\$ 250,000
Pledged Securities (Category 3)	<u>7,818,629</u>	<u>7,708,818</u>
Total	<u>\$ 8,068,629</u>	<u>\$ 7,958,818</u>

Pledged securities in Category 3 are comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the Authority's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in June and are actually billed to the taxpayers by the Assessor in October. Billed taxes are due by December 31, becoming delinquent on January 1, of the following year.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 5 AD VALOREM TAXES-CONTINUED

Ad valorem taxes are budgeted and recorded in the year levied and billed. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. The taxes are remitted net of deductions for Assessor's compensation and pension fund contributions.

For the years ended December 31, 2011 and 2010, taxes were levied at the rate of 1.92 mills and 1.92 mills, respectively, for general corporate purposes on property with assessed valuations totaling \$1,994,635,544 and \$1,975,116,139, respectively, less homestead exemptions of \$350,895,141 and \$345,680,685, respectively.

The allowance for uncollectible receivables at December 31, 2011 and 2010 is \$110,459 and \$109,498, respectively.

Net revenues from ad valorem taxes represent 94% and 92% of total general fund revenues, excluding other financing sources, at December 31, 2011 and 2010, respectively.

NOTE 6 CAPITAL ASSETS

A summary of general fixed assets follows.

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Capital assets, being depreciated:				
Buildings	\$ 1,024,486	\$ 777,672	\$ -	\$ 1,802,158
Equipment and Furniture	736,919	271,890	-	1,008,809
Manufacturing Equipment	85,093	-	-	85,093
Construction in Progress	640,319	37,353	(677,672)	-
Total capital assets	<u>2,486,817</u>	<u>1,086,915</u>	<u>(677,672)</u>	<u>2,896,060</u>
Less Accumulated depreciation for:				
Buildings	282,992	47,119	-	330,111
Equipment and Furniture	559,888	92,761	-	652,649
Manufacturing Equipment	47,611	12,156	-	59,767
Total accumulated depreciation	<u>890,491</u>	<u>152,036</u>	<u>-</u>	<u>1,042,527</u>
Total capital assets, being depreciated, net	<u>\$ 1,596,326</u>	<u>\$ 934,879</u>	<u>\$ (677,672)</u>	<u>\$ 1,853,533</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 7 LONG-TERM DEBT

On April 17, 1997, the State Bond Commission approved the Lafayette Economic Development Authority to incur debt and borrow the amount of \$1,330,000 and to issue Certificates of Indebtedness for the purpose of paying a portion of the cost of acquiring sites for industrial parks, and acquiring, constructing and providing improvements necessary therefore, and to pay the costs incurred in connection with the issuance of the Certificates. The Certificates are dated May 1, 1997 and bear interest at a rate of 7.25% per annum, payable on May 1 and November 1 of each year, commencing November 1, 1997, and maturing on May 1 in each of the years 1998 through 2012. With approval from the State Bond Commission, effective August 1, 2004, the Certificates were amended to bear interest at a rate of 5.5%.

Annual debt service requirements to maturity for the Certificates of Indebtedness, including interest of \$3,850 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31,</u> 2012	<u>\$ 140,000</u>	<u>\$ 3,850</u>	<u>\$ 143,850</u>

A summary of changes in general long-term debt follows:

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
Obligation under long-term bonds	\$ 270,000	\$ -	\$ 130,000	\$ 140,000
Compensated Absences	42,528	53,749	50,163	46,114
Total	<u>\$ 312,528</u>	<u>\$ 53,749</u>	<u>\$ 180,163</u>	<u>\$ 186,114</u>

The Authority issues industrial development revenue bonds for the purpose of financing the acquisition of certain industrial facilities, which it leases or sells to qualifying industrial businesses. Such facilities and the revenue derived from their sale or lease are pledged to service the bonds. These bonds do not constitute an indebtedness or pledge of the general credit of the Authority and therefore, are not included in the financial statements. A detailed summary of all industrial development revenue bonds outstanding at December 31, 2011 is shown on page 37.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 8 OPERATING TRANSFERS IN/OUT

	Transfers In	Transfers Out
General Fund	\$ -	\$ 417,500
Special Revenue Fund	320,000	-
Capital Projects Fund	97,500	-
	\$ 417,500	\$ 417,500

NOTE 9 OPERATING LEASE

On January 1, 1999 the Authority entered into an agreement under a non-cancelable operating lease. The 30-year lease provides for two renewal options at the end of the lease, each for a ten-year period. The agreement calls for an irrevocable transfer of property owned by the Authority, as well as annual payments of \$22,000 per year during the primary term of the lease.

Future minimum lease payments for the lease are as follows:

<u>December 31,</u>			
2012	\$	22,000	
2013		22,000	
2014		22,000	
2015		22,000	
2016		22,000	
Thereafter		264,000	
	\$	374,000	

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Notes to Financial Statements
December 31, 2011**

NOTE 10 AGREEMENT WITH CINGULAR WIRELESS LLC

During 2002, LEDA entered an agreement with Cingular Wireless LLC, whereby LEDA issued revenue Bonds in an amount agreed to by LEDA and Cingular for an amount up to \$10,000,000 and to expend the proceeds to finance the acquisition, construction, and installation of a facility (the Project) for Cingular to house a customer support center in Lafayette, Louisiana.

Upon delivery of the Bonds and receipt of the proceeds, LEDA acquired the Project from Cingular and subsequently leased the Project to Cingular. Cingular's obligation is to make payments under the agreement sufficient to enable the payment of the principal and interest on the Bonds as well as paying agent fees, trustees' fees, and all other costs and charges in connection with the servicing of the Bonds. The Bonds shall not constitute an indebtedness or pledge of the general credit of LEDA. Accordingly, neither the asset nor the related Bonds are recorded on LEDA's books.

NOTE 11 CONTINGENCY

In 2006, LEDA and Louisiana Economic Development (LED) entered into a Cooperative Endeavor Agreement (CEA) with a private company regarding the establishment of a Call Center in Lafayette with the requirement of creating 1,000 new positions and payroll levels for several years in exchange for financial incentives from LEDA and LED. The CEA contained provisions for repayment of investment funds to LEDA and LED if future performance did not meet required benchmarks. In 2011, the private company made the decision to close the call center in Lafayette. Subsequent to the date of closing, LED and LEDA have been negotiating the amount and term of payment of the clawbacks owed to LEDA and LED due to failure to meet the payroll requirements as stipulated in the CEA. In accordance with generally accepted accounting principles, no gain contingency has been recognized in these financial statements.

NOTE 12 LITIGATION

There was no litigation pending against the Authority as of December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 3,020,000	\$ 3,045,000	\$ 3,102,792	\$ 57,792
Intergovernmental	128,250	129,250	130,518	1,268
Miscellaneous	<u>20,650</u>	<u>21,000</u>	<u>22,928</u>	<u>1,928</u>
Total revenues	<u>3,168,900</u>	<u>3,195,250</u>	<u>3,256,238</u>	<u>60,988</u>
Expenditures:				
Current:				
General government	2,697,625	2,594,975	2,379,692	215,283
Capital outlay	60,000	80,000	50,779	29,221
Debt service	<u>141,275</u>	<u>141,275</u>	<u>141,275</u>	<u>-</u>
Total expenditures	<u>2,898,900</u>	<u>2,816,250</u>	<u>2,571,746</u>	<u>244,504</u>
Excess of revenues over expenditures	270,000	379,000	684,492	305,492
Other financing sources (uses):				
Interest earned	40,000	38,500	37,535	(965)
Operating transfers out	<u>(310,000)</u>	<u>(417,500)</u>	<u>(417,500)</u>	<u>-</u>
Excess of revenues over expenditures and other uses	-	-	304,527	304,527
Fund balance, beginning	<u>4,847,337</u>	<u>4,847,337</u>	<u>4,847,337</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,847,337</u>	<u>\$ 4,847,337</u>	<u>\$ 5,151,864</u>	<u>\$ 304,527</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Amended</u>		<u>Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 1,260	\$ 1,260
Total revenues	<u>-</u>	<u>-</u>	<u>1,260</u>	<u>1,260</u>
Expenditures:				
Current:				
General government	377,146	300,800	253,783	47,017
Capital Outlay	<u>95,000</u>	<u>200,000</u>	<u>198,358</u>	<u>1,642</u>
Total expenditures	<u>472,146</u>	<u>500,800</u>	<u>452,141</u>	<u>48,659</u>
Excess (deficiency) of revenues over expenditures	(472,146)	(500,800)	(450,881)	49,919
Other financing sources (uses):				
Interest earned	1,500	1,300	1,177	(123)
Operating transfers in	<u>300,000</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	(170,646)	(179,500)	(129,704)	49,796
Fund balance, beginning	<u>239,725</u>	<u>239,725</u>	<u>239,725</u>	<u>-</u>
Fund balance, ending	<u>\$ 69,079</u>	<u>\$ 60,225</u>	<u>\$ 110,021</u>	<u>\$ 49,796</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER INFORMATION**

Wright, Moore, DeHart, Dupuis & Hutchinson, L.L.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
LANCE E. CRAFFELL, CPA, CGMA *
MICAH B. VIDRINE, CPA *
TRAVIS M. BRINSKO, CPA *
RICK L. STUTES, CPA, CVA/ABV, APA *
CHRISTINE B. DUNN, CPA**
DAMIAN B. SPESS, CPA, CFP**

Chairman of the Board
and Members of the Board of Commissioners
Lafayette Economic Development Authority
Parish of Lafayette, Louisiana

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA * +
MICHAEL G. DEBART, CPA, CVA, MBA * +
JOE D. HUTCHINSON, CPA * +

+ RETIRED

We have audited the financial statements of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



STEPHANIE A. BLANK, CPA
ROBERT T. DUCHARME, II, CPA
JUDITH PAULK, CPA
MARY PATRICIA KEELEY, CPA
ROBIN T. LeBLANC, CPA
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STEPHEN C. MOORE, CPA
WENDY ORTEGO, CPA, CVA
ROBIN G. STOCKTON, CPA
BRIDGET B. TILLEY, CPA, MT
TINA B. VIATOR, CPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the board of commissioners and others within the entity, and is not intended to be and should not be used by anyone other than these specific parties.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

June 19, 2012
Lafayette, Louisiana

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments, which are not required legally or by sound financial management to be accounted for in another fund.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF EXPENDITURES
 BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	2011		Variance - Favorable (Unfavorable)	2010 Actual
	Final Budget	Actual		
Current:				
General government:				
Salaries, taxes and benefits	\$ 1,485,000	\$ 1,426,669	\$ 58,331	\$ 1,296,385
Existing business retention/expansion	20,685	20,607	78	20,908
Professional development	33,000	20,779	12,221	44,283
Business Recruitment	71,000	46,415	24,585	117,855
Louisiana Crossroads Initiative	82,500	77,765	4,735	42,612
Downtown Development	12,390	10,863	1,527	11,101
Marketing and advertising	32,750	25,152	7,598	15,721
Office operations	125,000	120,885	4,115	118,480
Industrial property maintenance	20,000	18,527	1,473	14,971
Legal notices and audit	15,000	9,704	5,296	9,771
Insurance	23,000	20,280	2,720	15,468
Louisiana Public Retirement	118,000	113,281	4,719	112,320
Legal and Professional fees	40,000	27,836	12,164	21,370
Governmental & UL Lafayette liaison	42,000	38,517	3,483	34,426
Contingencies	15,000	2,720	12,280	3,032
Trade development	5,000	-	5,000	2,113
Information services	18,595	14,193	4,402	12,871
Technology	32,350	19,728	12,622	33,018
Workforce Connection Programs	38,000	36,607	1,393	30,562
Special projects	325,705	289,164	36,541	49,144
Acadiana Economic Development Council	40,000	40,000	-	40,000
LEDA Labs	-	-	-	9,704
Capital outlay:				
Equipment and furniture	80,000	50,779	29,221	82,536
Debt service:				
Principal	130,000	130,000	-	120,000
Interest	11,275	11,275	-	18,150
Total	<u>\$ 2,816,250</u>	<u>\$ 2,571,746</u>	<u>\$ 244,504</u>	<u>\$ 2,276,801</u>

AGENCY FUNDS

To account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for leases and related receipts from lessees as well as bond principal, interest, and related payments made to the holders of industrial development revenue bonds issued by the Authority.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**COMBINING BALANCE SHEETS - AGENCY FUND
DECEMBER 31, 2011**

	Cingular Project Series 2001	University of Louisiana at Lafayette Art Museum	Stirling Properties of Lafayette	Totals
ASSETS				
Cash	\$ -	\$ -	\$ 4,193,633	\$ 4,193,633
Investments	-	<u>3,230</u>	-	<u>3,230</u>
Total assets	<u>\$ -</u>	<u>\$ 3,230</u>	<u>\$ 4,193,633</u>	<u>\$ 4,196,863</u>
LIABILITIES				
Amounts due to bondholders and lessees	<u>\$ -</u>	<u>\$ 3,230</u>	<u>\$ 4,193,633</u>	<u>\$ 4,196,863</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2011**

	Cingular Project Series 2001	University of Louisiana at Lafayette Art Museum	Stirling Properties of Lafayette	Totals
ASSETS				
Cash, January 1	\$ -	\$ -	\$ 4,193,633	\$ 4,193,633
Investments, January 1	-	<u>3,230</u>	-	<u>3,230</u>
	-	<u>3,230</u>	<u>4,193,633</u>	<u>4,196,863</u>
Additions				
Lease payments received	1,610,000	67,500	38,320	1,715,820
Interest/Dividends earned	-	-	251	251
	<u>1,610,000</u>	<u>67,500</u>	<u>38,571</u>	<u>1,716,071</u>
Deductions:				
Bond interest paid	1,610,000	67,500		1,677,500
Requisitions Paid	-	-	4,085,827	4,085,827
Other deductions	-	-	38,320	38,320
	<u>1,610,000</u>	<u>67,500</u>	<u>4,124,147</u>	<u>5,801,647</u>
Cash, December 31	-	-	108,057	108,057
Investments, December 31	-	<u>3,230</u>	-	<u>3,230</u>
Total assets	<u>\$ -</u>	<u>\$ 3,230</u>	<u>\$ 108,057</u>	<u>\$ 111,287</u>
LIABILITIES				
Amounts due to bondholders and lessees, January 1	\$ -	\$ 3,230	\$ 4,193,633	\$ 4,196,863
Additions	1,610,000	67,500	38,571	1,716,071
Deductions	<u>(1,610,000)</u>	<u>(67,500)</u>	<u>(4,124,147)</u>	<u>(5,801,647)</u>
Amounts due to bondholders and lessees, December 31	<u>\$ -</u>	<u>\$ 3,230</u>	<u>\$ 108,057</u>	<u>\$ 111,287</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**INDUSTRIAL DEVELOPMENT REVENUE BONDS
ISSUED AND OUTSTANDING
DECEMBER 31, 2011**

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding December 31, 2011</u>
University of Louisiana at Lafayette Art Muesum	03/28/02	\$ 8,500,000	\$ 1,500,000
Cingular Project Series 2001	12/21/01	23,000,000	23,000,000
Gulf Opportunity Zone Revenue Bonds, Series 2008 (Stirling Lafayette, LLC Project)	01/31/08	<u>29,400,000</u>	<u>29,295,000</u>
		<u>\$ 60,900,000</u>	<u>\$ 53,795,000</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Compensation Paid to Members of the Board of Commissioners
December 31, 2011**

The commissioners of the Authority receive no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Summary of Corrective Action Taken on Prior Year Findings
December 31, 2011

There were no prior year findings.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

**Schedule of Finding and Questioned Costs
Year Ended December 31, 2011**

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's financial statements as of and for the year ended December 31, 2011.

Reportable Conditions – Financial Reporting

There were no reportable conditions.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance.

FEDERAL AWARDS

This section is not applicable

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

There were no findings.

PART 3 FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS

This section is not applicable.